

MEETING: 18 JUNE 2020

REPORT BY: SECRETARY TO THE COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government, focusing particularly on the response to the Covid-19 pandemic.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4. Audit Scotland collects [media coverage](#) on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the [key media stories regarding local government](#). Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet. The usual Appendix on download statistics for published reports will be reintroduced in a future report.
5. On 21 May the Commission [published](#) the Best Value Assurance Report on Argyll and Bute Council. The report notes that Argyll and Bute Council plans and manages its budget well and has good community engagement. The Council must build on these so it can manage greater financial pressures and work with local communities to significantly redesign and improve services. Over the past five years the council has also significantly improved its culture, with better relationships between councillors and with staff. Whilst the audit work was carried out prior to the onset of the current Covid-19 emergency, the Accounts Commission believes that key themes of this report, including financial management and good governance, are more vital than ever.
6. On 9 June, the Commission will publish the impact report on its performance audit *Equal Pay in Scottish Councils* published in September 2017. The Commission approved the impact report at its last meeting.

Other business

7. On 29 May the Fife Integrated Joint Board considered the recent Commission statutory report [The 2018/19 audit of Fife Integration Joint Board: Report on significant findings](#), published on 27 February. There was full acceptance of the findings by the IJB. There was an undertaking by the Chief Officer to keep the IJB briefed on progress as part of routine governance arrangements, including the Board's Audit and Risk Committee.
8. At its meeting on 12 March, the Commission noted advice from me that on 21 January,

the First Minister's National Advisory Council on Women and Girls (NACWG) published its [2019 report and recommendations](#), including a recommendation that the Commission consider producing a set of scrutiny principles to support the Council's proposal for co-production and participation in policy making by public bodies, similar to the *Principles for Community Empowerment* document published in conjunction with the Strategic Scrutiny Group. The Commission noted that the Deputy Chair would be liaising further in this regard with Audit Scotland, reporting back to the Commission in due course. On 4 June, the Deputy Chair, along with the Secretary and Audit Scotland Audit Directors Gemma Diamond and Mark Roberts, met with Louise Macdonald (Co-Chair) and Jess da Costa of NACWG. It was agreed that the Commission would consider further how to respond to the report's recommendation, including involving the Strategic Scrutiny Group as appropriate. This will be discussed further by the Commission as it takes forward its work programme.

9. At its meeting on 6 February, the Commission agreed that further information be provided on the Independent Care Review (ICR), the report of which was published on 5 February 2020. A [briefing](#) by Audit Scotland is now available on the members' Sharepoint. In summary, the aim of the ICR was to undertake "an independent, root and branch review of the care system" for infants, children and young people to look at "the underpinning legislation, practices, culture and ethos" and identify change required to transform the experience and outcomes of those in the care system. The ICR reports that every year, Scotland invests around £942 million in the care system. The universal services associated with care experienced people cost a further £198 million per annum. Despite this, care experienced children have poorer outcomes. The ICR also calculated the costs of the 'care system' letting down children and their families at £1.6 billion. The review concluded in February 2020 and has been signed up to by the Scottish Government, with cross party support, and by COSLA. A series of reports were published that cover the changes recommended, high-level plans for implementing changes and the investment that is required. Amongst other recommendations, the ICR affirms that children and young people must always be listened to on the decisions being made about their lives. Families must also get the support that is right for them at the earliest opportunity and it must be flexible, consistent, patient and free from stigma. A more detailed framework that sets out how the recommendations will be achieved will be published by November 2020.

Audit Scotland

10. On 19 May Diane McGiffen, Chief Operating Officer, [published](#) a video to mark Mental Health Awareness Week. This video was recorded to remind colleagues of staying health, both, mentally and physically during the current pandemic. It has been placed on the members' Sharepoint site.
11. On 28 May Audit Scotland's management team held a virtual QandA. This was part of Audit Scotland's 2020 Conference, and provided colleagues an opportunity to submit questions to the senior management team.
12. On 12 June Audit Scotland will publish annual reports on the Quality of Public Audit, Transparency, International Work and Correspondence.
13. On 30 June Audit Scotland will publish corporate reports on Diversity, Gender Pay Gap and Fraud and Irregularity.

Issues affecting local government

Scottish Government

14. Given that the Covid-19 emergency has meant a significant number of matters originating from the Scottish Government since the last meeting of the Commission,

this section is divided, for ease of reference, into the following sub-sections:

- Local government general
- Health and social care
- Education
- Transport
- Communities
- Business
- Other matters

Local government general

15. On 19 May the Scottish Government [released](#) new guidance for local authorities to help support them in tackling domestic violence during the current pandemic. The guidance signposts to local resources, and assists decision-makers in identifying women and children at risk as well as the short, medium and long term steps they can take to support their recovery and wellbeing.
16. On 22 May the Scottish Government [wrote to](#) local authorities about the use of education and early learning and childcare funding to support the emergency response to Covid-19. The letter provides details of the flexibilities for education and ELC grant funding streams to support critical childcare provision and children and families during the pandemic. The Covid-19 Education Recovery Group will consider the funding arrangements necessary to the recovery phase and make recommendations to COSLA and the Scottish Government. The letter also sets out eight principles for supporting local authorities' flexible use of these funding streams. ELC expansion, the Attainment Scotland Fund and Regional Improvement Collaboratives.
17. On 28 May the Scottish Government [published](#) guidance for local authorities on the considerations involved in reopening and operating Household Waste Recycling Centres in the context of Covid-19.

Health and social care

18. On 12 May the Scottish Government [announced](#) a £50 million fund to help Health and Social Care Partnerships deal with the financial impact that Covid-19 is having. The funding will help address immediate challenges faced in the social care sector and support ongoing provision of social care. A breakdown of the funding awarded to Health and Social Care Partnerships can be found at the following [link](#).
19. On 14 May the Scottish Government and COSLA [published](#) Covid-19 guidance on self-directed support for use by local authority and Health and Social Care Partnership staff. It will be in place for the duration of the pandemic.
20. On 18 May the Scottish Government [updated](#) its national clinical and practical Covid-19 guidance for care homes. The guidance, which is based on Healthcare Protection Scotland's [infection control guidance](#) for care homes, has been updated by the Care Homes Clinical and Professional Advisory Group, a short life multi-disciplinary group which is chaired by members of the Chief Medical Officer and Chief Nursing Officer directorates. The guidance is accompanied by a [letter](#) to care home providers, chief social work officers, local authorities, health boards and IJB nurse leads. Additionally, the Government has published a [paper](#) setting out arrangements for enhanced oversight of care in care homes during the pandemic. From today, every health board and local authority must put in place a multi-disciplinary clinical and professional

oversight team. Jeane Freeman has [written to](#) NHS boards, local authorities and IJB chief officers to outline the requirements.

21. On 24 May the Scottish Government [announced](#) new measures for enhanced sick pay and death in service benefits for social care workers. Under the new measures social care workers who tested positive for Covid-19 would receive sick pay above the current statutory level. The death in service benefit would see a named survivor receive a one-off payment of £60,000 if a social care worker were to die without death in service cover in their contracted pension arrangements. She confirmed both arrangements would be retrospective and further details would be worked out next week.
22. On 1 June The Scottish Government [produced](#) a new Framework that sets out how NHS Scotland will begin to resume some suspended, delayed or deferred services. Capacity for Covid-19 and support for social care will be maintained during the reopening. Some services are being considered for resumption during Phase 1 such as GPs, emergency eyecare in the community and some emergency dental care as practices prepare to open. The introduction of designated visitors to care homes is also being considered. For Phase 2, the resumption of some screening services, the reintroduction of some chronic disease management and prioritising referrals to secondary care are proposed.

Education

23. On 19 May the Scottish Government [published](#) operational guidance to help schools plan how to effectively spend their Pupil Equity Funding allocation. It states the effectiveness of a school's use of Pupil Equity Funding to close the poverty-related attainment gap will contribute to other quality assurance processes, including Audit Scotland's Shared Risk Assessment.
24. On 21 May the Scottish Government [announced](#) that schools will reopen in August subject to scientific advice that it is safe to do so. Schools will return on 11 August, one week earlier than planned for most pupils, while early learning and childcare settings will open over the summer. An agreement reached between councils, professional associations and parent representatives means:
 - schools will implement physical distancing measures, such as providing seating that is two metres apart and staggering arrival, departure and break times
 - increased hand-washing or use of hand sanitisers, enhanced cleaning, robust protocols for suspected or confirmed Covid-19 cases and ongoing risk assessments will be implemented
 - class sizes will be significantly reduced as a result of the new way of working, with most pupils spending around half their time in class and half learning at home. Time in school will increase further as soon as it is safe to do so
 - teachers and other education staff will return in June - subject to appropriate safety assessments being completed - to prepare and plan for the new way of working and welcoming pupils back
 - existing 'hubs' will continue to run to provide vulnerable children and those of key workers with childcare over the summer
 - the school estate will be expanded where necessary and possible by using libraries, community halls, leisure centres, conference venues or taking short-term leases of vacant business accommodation to increase the time children can spend with their teachers

- innovative use will be made of existing teachers and staff and, where necessary, consider the role former teachers can play either by returning to the classroom or teaching virtually to support in-home learning.

Transport

25. On 15 May Transport Scotland [published](#) a weekly snapshot of transport trends during the Covid-19 outbreak. From the period between Monday 4 May and Sunday 10 May, rail and plane journeys fell by 55% and 15%, respectively. Journeys by car rose by 25%, while concessionary bus and ferry journeys both saw an increase of 10%. Cycling and walking saw increases of 75% and 45%, respectively.
26. On 27 May Transport Scotland [published](#) its transport transition plan, which includes an additional £20m to promote active travel. The plan advises the public on the necessary steps that are required in order to access public transport safely, including the use of face coverings, respecting physical distancing and avoiding peak travel times. The Scottish Government has also called for employers to continue to recommend working from home when possible and if necessary, to allow flexible start and finish times and to encourage active travel.

Communities

27. On 20 May the Scottish Government and COSLA [produced](#) new guidance to protect women and children from domestic violence during the Covid-19 outbreak. It was developed in partnership with Public Health Scotland and the Improvement Service. The guidance provides signposting to local resources and will support local decision-makers to identify women and children who may be at risk.
28. On 1 June the Minister for Housing and Planning Kevin Stewart [wrote](#) to the housing sector alongside COSLA's Community Wellbeing Spokesperson on the importance of bringing empty properties back into use and providing support for victims of domestic abuse during the Covid-19 outbreak.

Business

29. On 12 May the Scottish Government [announced](#) that properties occupied by charities can now apply for the £10,000 Small Business Grant Scheme to help them deal with pressures caused by the coronavirus. The extension of the scheme is expected to result in an additional £31 million being made available to more than 3,000 small properties occupied by charities – including day centres, workshops and halls.
30. On 20 May the Scottish Government [increased](#) its level of funding for the Business Support Fund by £40 million. This extra funding will be split between the Pivotal Enterprise Resilience Fund, which has increased by £30 million to £120 million, and the Creative, Tourism and Hospitality Enterprises Hardship Fund, which has increased by £10 million to £30 million. Both funds closed to applications on 18 May.
31. On 22 May the Scottish Government [published](#) weekly statistics on the Covid-19 business support fund grants. As of Tuesday 19 May, local authorities reported that over 81,000 applications had been received for the Small Business Grant Scheme and the Retail, Hospitality and Leisure Business Grant Scheme across Scotland. Of these applications, 65,000 grants valuing £741m had been awarded.
32. On 26 May Kate Forbes [wrote](#) to UK Chief Secretary to the Treasury, Stephen Barclay, urging him to provide clarity on when consequentials to tackle the Covid-19 crisis will be delivered. The Scottish Government said it was guaranteed £60m from the UK Government's extension of business grants which would "not now materialise", as well as an additional £35m of consequentials in respect of charity support, which was then

amended to £25m.

Other matters

33. On 18 May the Scottish Government [wrote](#) to the UK Government asking for all migrants to be granted leave to remain and for recourse to public funds restrictions to be lifted so that they can access vital public services when required without fear of breaching the conditions of their visa.
34. On 21 May Constitution Secretary Michael Russell [called](#) for the Scottish Government and Scottish Parliament to be given a formal role in future UK trade deals, saying the draft UK Trade Bill did not provide protection for Scotland's interests.
35. On 21 May the Scottish Government [published](#) the Framework for Decision Making - Scotland's Route Map Through and Out of the Crisis. The route map provides an indication of the order in which the Government will "*carefully and gradually*" seek to change current restrictions. It provides practical examples of what people, organisations and businesses can expect to see change over time. The phasing table will continue to be updated.
36. On 22 May the Scottish Government [wrote](#) to Ken Gillespie, Chair of Construction Scotland, outlining the six-phased approach to restarting the construction industry. Currently, the industry is positioned in phase 0, meaning that the sector is planning on making the necessary adjustments before moving to phase 1 on Thursday 28 May. In phase 1, the industry will be allowed to carry out Covid-19 pre-start site preparation. Further consultation with the Government will be needed before moving to phase 2.
37. On 27 May the Scottish Government [published](#) information on its approach to implementing its test, trace, isolate and support strategy. The Test and Protect measures are designed to interrupt chains of transmission in the community by identifying cases of Covid-19, tracing the people who may have become infected by spending time in close contact with them, and then supporting those close contacts to self-isolate, so that if they have the disease they are less likely transmit it to others. Additional information for [employers](#) and a [summary](#) of the measures have also been published. The programme was launched on Thursday 28 June.
38. On 27 May the Scottish Government [published](#) a document on revisions to the Scottish Budget for 2020-21 to take account of Covid-19. The Scottish Government's Budget will increase by £2,787.2m to £52,037.9m. The revised document also takes account of the £3,581m of consequential from the UK Government in response to the coronavirus outbreak. £3,063m of these consequential have been added to the Scottish Government Block Grant. The Communities and Local Government budget heading sees an increase of £1,642.6m to £13,003.4m. Parliamentary approval will now be sought for these changes.
39. On 28 May the First Minister [announced](#) some restrictions would be made to the lockdown restrictions that are in place. Scotland will move to Phase 1 of the Scottish Government's route map out of lockdown. The Scottish Government [published](#) rules on staying at home and away from others. People are now permitted to meet with one other household outside while maintaining social distancing measures. The shielding population is still being advised to follow the [shielding guidance](#) and those at a higher risk of severe illness from the virus should still follow the physical distancing guidance. A [summary](#) of the main changes and dates involved has been provided.
40. On 29 May the Scottish Government [updated](#) construction sector guidance. The first two phases of the sector's restart plan – planning and pre-start applications – are to be implemented from 29 May, with a decision to move to a 'soft restart' (where physical

distancing can be maintained) only after consultation with the Government to ensure it is safe to do so and would fall in line with public health advice.

41. On 29 May the Scottish Government [published](#) non-statutory guidance on school re-opening. Teachers and other school staff will be able to return in June to make preparations for the return to school on 11 August. It is suggested that education authorities and schools work in partnership with trade unions, staff, parents and children to develop local plans. Physical distancing will be implemented, and local authorities have been encouraged to take an innovative approach to using other facilities to bring back as many children as possible. Schools will work with council transport teams on school transport and active travel by parents, carers, staff and children is encouraged.

Scottish Parliament

42. On 20 May Stuart McMillan MSP received an answer to his parliamentary question that asked the Scottish Government what analysis it has carried out of the reasons why Inverclyde is recording the highest average level of Covid-19-related deaths among local authority areas. The Minister for Public Health, Sport and Wellbeing, Joe FitzPatrick MSP responded by saying that the Scottish Index of Multiple Deprivation (SIMD) analyses and categorises the nearly 7,000 'data zones' of Scotland by deprivation. The 2020 SIMD report shows that Inverclyde has a high proportion of data zones which are part of the 40% most deprived data zones in Scotland. A total of 59% of Inverclyde's data zones are from the cohort of the 40% most deprived data zones in Scotland. Statistics published this week by National Records of Scotland (NRS) show that people living in the most deprived areas of Scotland were 2.3 times more likely to die with Covid-19 than those living in the least deprived areas. Analysis of the NRS data shows that (year to date up to 10 May), Inverclyde local authority had the highest rate of death from Covid-19 across all local authorities (at 132 deaths per 100,000). There will be other factors alongside deprivation that will contribute to this, for example, Inverclyde has a higher proportion of people who are pensionable age (21%) compared to the proportion for Scotland (19%). Further work is being done by analytical partners across the Scottish Government, NRS, Public Health Scotland and the NHS to consider how we can better understand the impact of Covid-19 on the people of Scotland.
43. On 20 May Stuart McMillan MSP received a response to his parliamentary question that asked the Scottish Government what additional action it is taking to help reduce the number of Covid-19-related deaths in Inverclyde, in light of it recording the highest average level among local authority areas. The Minister for Public Health, Sport and Wellbeing, Joe FitzPatrick MSP issued a response to say that the government are working with Public Health Scotland to better understand the link between Covid-19 cases and poverty and deprivation, and how we can best support all vulnerable groups at this time. PHS has undertaken a range of analyses to look at the impact of deprivation on Covid and non-Covid excess mortality, which it will be publishing as part of its weekly Covid 19 statistical report, in the coming weeks. The current report (13 May) is available [here](#).
44. On 20 May the Scottish Parliament passed The Covid-19 (Scotland) (No.2) Bill with various [amendments](#) agreed by members. The legislation gives Scottish Ministers the power to temporarily manage care home services where there is a serious risk to the life, health or wellbeing of residents in connection with Covid-19. An additional Carer's Allowance Supplement will also be paid to carers. Legislative changes were made in relation to non-domestic rates, the criminal justice system and tax arrangements. A Discretionary Housing [Payment](#) will be made available through local authorities.
45. On 22 May Lewis Macdonald MSP received a response to his written parliamentary

that asked the Scottish Government what its position is on public bodies or agencies in receipt of public funds requiring non-essential staff to take a placement with another public body or agency for the duration of the Covid-19 outbreak, without prior consultation and agreement with the staff concerned or relevant trade union representatives. The Cabinet Secretary for Finance, Kate Forbes MSP responded by saying: "Public Bodies are expected to align with fair work principles including in relation to trade union and staff engagement. On 25 March, the Cabinet Secretary for Economy, Fair Work and Culture and the STUC General Secretary issued a joint statement outlining the shared commitment to fair work practices in Scotland and calling on employers, trades unions and workers to work together constructively to reach the right decisions on all workplace issues that arise throughout the Covid-19 outbreak and ensure workers are treated fairly. The Cabinet Secretary wrote to Chief Executives of all of Scotland's Public Bodies on 26 March urging them to act in accordance with the Fair Work principles set out in the statement."

46. On 22 May the Scottish Parliament Information Centre (SPICe) [published](#) a briefing on the UK-EU future relationship.
47. On 28 May Miles Briggs MSP received a response to his parliamentary question that asked the Scottish Government how many local authority care home residents have been tested for Covid-19. The Scottish Government stated that they do not hold this information. Public Health Scotland provides the Scottish Government with numbers of residents and staff tested in care homes, but it is not possible to disaggregate this further to provide a breakdown of the type of care home the data comes from.
48. On 29 May SPICe [published](#) a briefing on the UK Environment Bill.
49. On 1 June Claudia Beamish MSP received a response to her parliamentary question that asked the Scottish Government which local authorities have used the [Spaces for People](#) initiative, and whether it will provide a breakdown of the funding that each has received. A breakdown of the local authorities that have received funding from the Spaces for People fund and the amount allocated to each is provided in the following table. Click [here](#) to view table.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

50. On 19 May the Public Audit and Post-legislative Scrutiny Committee [published](#) a report following its post-legislative scrutiny of the Freedom of Information (Scotland) Act 2002. Members concluded the Act had improved transparency, but suggested improvements could be made to reflect changes in public service delivery and the ways people access information. They asked the Scottish Government to consult on the Committee's proposals, including extending the legislation's provisions "to *all bodies in receipt of significant public funds*". The Committee also proposed introducing a statutory code to publish information; requiring the recording of certain key information, such as minutes of ministerial meetings; and action to prevent a reliance on confidentiality clauses between public bodies and contractors. It suggested the legislation could be amended to make the meaning of "*information*" more explicit, so it is clear that WhatsApp, texts and ministerial private email accounts are covered.

Local Government and Communities Committee

51. On 13 May Scottish Government Cabinet Secretary, Aileen Campbell [updated](#) the Committee on the Government's response to Covid-19 in the local government, planning and housing sectors.
52. On 15 May the Committee took evidence from the Cabinet Secretary for Communities

and Local Government on the Scottish Government's response to Covid-19 in relation to local government, housing and planning.

53. On 21 May the Local Government and Communities Committee [updated](#) its work programme to reflect its current focus on Covid-19 and scrutiny of Government actions taken in response to the outbreak within its remit. The Committee aims to provide a forum to share good practice in addressing the challenges raised by the crisis in the local government housing, planning and community sectors.
54. On 28 May the Local Government and Communities Committee [wrote](#) to Aileen Campbell to seek further information on recycling and household waste centres, the Transient Visitor Levy and short-term lets following her appearance before the Committee.
55. On 28 May the Committee took evidence on a range of stakeholders on the impact that Covid-19 is having on homelessness.

Covid-19 Committee

56. On 19 May the Committee took evidence from MSPs and Scottish Government Ministers on Covid-19 (Scotland) (No 2) Bill.

Other committees

57. On 14 May the UK Government Steve Barclay [wrote](#) to the Economy, Energy and Fair Work Committee regarding the impact of Covid-19 on Scotland's businesses, workers and economy.
58. On 20 May Jeane Freeman, Cabinet Secretary for Health, [wrote to](#) the Health and Sport Committee to confirm arrangements to allow free car parking for staff at Glasgow Royal Infirmary, Edinburgh Royal Infirmary and Ninewells Hospital have been extended to September.
59. On 20 May Shirley-Anne Somerville, Cabinet Secretary for Social Security and Older People, [wrote](#) to the Social Security Committee about the increased demand on the Scottish Welfare Fund as a result of Covid-19. The letter includes data on the demands for the Welfare Fund which show in March applications for Crisis Grants were 59% higher than the level in March last year. She also noted applications and expenditure of Community Care grants had reduced slightly over the same period. The Cabinet Secretary wrote this reflects the flexibility in approach local authorities are able to take.
60. On 29 May the Social Security Committee [published](#) its annual report for 2019-20.

Local Government News

61. On 12 May CIPFA [announced](#) a partnership with data management company Xantura to help councils identify the individuals and households most vulnerable to both the health, social and economic impacts of Covid-19. Government data provided through 'Operation Shield' identifies individuals deemed to be 'at risk' but has been limited to those with high clinical need. The new service announced goes further, identifying vulnerable people and households based on a much broader set of risk factors. These include: debt levels; income and reliance on benefits; whether they live alone; and disabilities, alongside a wider set of health issues. The new service will allow councils to better understand the communities they serve, and improve decisions around service provision based on robust local evidence.
62. On 15 May Scottish Labour [published](#) a blog about the strategy being used by North Ayrshire Council to build wealth in the community and how it could be used as a model

for rebuilding Scotland post-coronavirus.

63. On 18 May it was [reported](#) that Fife Council is facing a £30 million gap in its finances due to the impact of having to deal with Covid-19. The £30 million figure is only an estimate for a 14-week lockdown period and consists largely of increased costs in response to the pandemic – such as overtime, agency working, increased equipment such as PPE, more support for vulnerable people and the rollout of wider home working.
64. On 22 May the leader of Dundee City Council, Cllr John Alexander, [spoke](#) at a webinar for the Scottish Business Resilience Centre about the funding pressures that the local authority is facing as a result of Covid-19. Cllr Alexander noted that there is already a £17 million gap in the council's budget. That is anticipated to increase by a further £34 million if lockdown continues for another three months.
65. On 22 May CIPFA Chief Executive, Rob Whiteman, [published](#) a blog about the consequences that Covid-19 may have on local government.
66. On 24 May it was [reported](#) that bin collection services could be reduced in order to help local authorities deal with the impact that Covid-19 has had on the finances of councils.
67. On 25 May Orkney Islands Council [launched](#) a new loan scheme to help businesses deal with the impact of Covid-19. The Covid-19 Pandemic Emergency Loan Scheme will offer secured loans of between £50,000 and £100,000.
68. On 26 May North-east Labour MSP Lewis Macdonald [called](#) on COSLA to release the economic forecasting from all councils. COSLA asked councils to provide forecasts of how much the pandemic could cost them before deciding how to share hundreds of millions of pounds in extra funding. The umbrella council funding body has totalled the estimated nationwide cost to local authorities to around £330 million.
69. On 28 May it was [reported](#) locally that the impact of Covid-19 has prevented Highland Council from occurring a significant underspend.

COSLA

70. On 14 May COSLA [produced](#) a new framework to help local authorities and their partners to support people with no recourse to public funds (NRPF) during the Covid-19 pandemic has been produced by COSLA.
71. On 16 May COSLA warned that local authorities face a £100 million gap in their finances as a result of dealing with Covid-19.
72. On 20 May COSLA [produced](#) guidance for local authorities to assist them in the hiring of agency workers.
73. On 22 May COSLA, in partnership with the Scottish Government, published a joint framework to help Local Authorities offer support to the Gypsy/Traveller community during the Covid-19 outbreak.
74. On 29 May COSLA [wrote](#) to the Education and Skills Committee concerning the wellbeing and learning of vulnerable children and young people during the Covid-19 pandemic.

Public Policy News

75. On 12 May the Office for National Statistics (ONS) [released](#) information that suggested in the first three months of the year the UK economy reduced at the fastest pace since

the 2008 financial crisis. In the three months leading to March, the economy contracted by 2%. In March, [GDP](#) fell by 5.8%, with the [service](#) industry contracting by 6.2%, [manufacturing](#) falling by 4.6% and [construction](#) decreasing by 5.9%. In the [first quarter](#) of 2020, imports fell by £13.3bn, with exports also reducing by £12bn, leading to a £1.3bn trade deficit. These figures reflect the beginning of lockdown, with the full economic impact of the lockdown expected in the second quarter.

76. On 13 May the Federation for Small Businesses (FSB) released details of a survey that they carried out that suggested a third Scottish small businesses may never reopen after Covid-19 outbreak. The FSB survey of 5,471 UK small business owners, including 758 in Scotland, found that 53 per cent of Scottish firms had been forced to close since the beginning of the Covid-19 outbreak, compared to 41 per cent on average across the UK. Of those that have closed – both in Scotland and across the UK – 35 per cent are not sure whether they will ever reopen again.
77. On 14 May more than 100 children’s charities, trade unions and stakeholders [signed](#) an open letter to the First Minister calling for a direct financial boost for all families living on low incomes to support them during the Covid-19 outbreak. The letter stresses the Government’s efforts to tackle child poverty are being “*put at huge risk*”. One of the signatories, Aberlour, highlights its Urgent Assistance Fund has seen a 1,400% increase in demand.
78. On 15 May Citizens Advice Scotland (CAS) [published](#) a report on the impact of the Covid-19 pandemic on its services. It showed the proportion of its issued advice relating to employment quadrupled from 4% in February to 16% in April. It also issued 2,338 pieces of advice regarding food banks in April. CAS has also seen a proportionately large rise in advice on crisis grants, part of the Scottish Welfare Fund increased by the Scottish Government in March. In total, there were 72,454 pieces of advice issued by local CAS Bureau, with 494,386 total visits to the Advice for Scotland online advice pages.
79. On 19 May the Resolution Foundation [released](#) research that found more than one in three 18-24 year-olds are earning less than before the Covid-19 outbreak. The report revealed that around a quarter of this age group have been furloughed and a further nine per cent have lost their jobs altogether. Younger workers have been seen a disproportionate economic impact from the Covid-19 as they are more likely to work in industries shut down by the virus, and they risk their pay being affected for years.
80. On 19 May the ONS released statistics that showed that an estimated 1.35m people were unemployed in the period from January to March 2020. The latest ONS data shows that the claimant count climbed by 856,500 to 2.1m between March and April. Meanwhile separate unemployment data, which covers the three months to March 2020, show the number of people unemployed rose by 50,000.
81. On 20 May the End Child Poverty coalition published research that showed the rate of child poverty in Scotland has increased by more than 10 per cent in some parts of the country in the past four years. Overall in the UK the child poverty rate increased by 2.8 per cent between 2014/15 and 2018/19, from 15.6 per cent to 18.4 per cent, the report revealed. Glasgow Central saw the largest rise in child poverty in Scotland over that period – increasing by 11.6 per cent. Large increases were also seen in Aberdeen North, with a 6.4 per cent rise in child poverty; Paisley and Renfrewshire South, a 6.1 per cent rise; and Glasgow North East with a 6.5 per cent increase. Child poverty among working families increased by 9.9 per cent in Midlothian, 8.3 per cent in Glasgow North, 8 per cent in East Renfrewshire and 7.5 per cent in Rutherglen and Hamilton West.

82. On 27 May the National Records of Scotland [published](#) its weekly [report](#) on deaths involving Covid-19. As of 24 May, 3,779 deaths had been registered where Covid-19 was mentioned on the death certificate. Week 21 saw the fourth weekly reduction in deaths involving Covid-19 in a row. There were 1,223 deaths registered in Scotland, 17% more than the average number of deaths registered in the same week over the last five years, 1,045.
83. On 29 May Holyrood Magazine [released](#) a poll that suggested that almost half of MSPs believe it will be more than a year before Scotland gets “back to normal” after the Covid-19 lockdown.
84. On 1 June The Social Market Foundation [released](#) a report assessing the economic implications of the Covid-19 and Brexit. The analysis indicates that regardless of the trade scenario agreed between Britain and the EU, the direction that the talks are heading in will have a negative impact on the UK’s GDP. Covid-19 has complicated the matter further as construction, banking, finance and insurance are expected to experience the most severe negative impacts. The report states that if the UK fails to negotiate a deal with the EU, the north west, west midlands and east of England are likely to face a disproportionate double impact from Covid-19 and Brexit, and that one sixth of the areas in the top quintile of job impact under a WTO-Covid-19 scenario have more than a third of their labour market working in either manufacturing or finance, banking and insurance.

UK Government

85. On 12 May the Chancellor of the Exchequer announced that the Covid-19 Job Retention Scheme will be extended to October. However, Rishi Sunak MP said that the scheme would be more flexible to support the transition back to work and the government will ask employers to “start sharing” the cost from August.
86. On 13 May the Scottish Affairs Committee [launched](#) an inquiry into the impact of Covid-19 on Scottish interests such as the economy, immigration, oil and gas and food and drink industries. The inquiry will also address the effectiveness of the four-nation approach to tackle the virus and the structures facilitating intergovernmental collaboration between the nations.
87. On 17 May the UK Government [stated](#) its aim for 30 million Covid-19 vaccine doses to be made available by September, if UK trials succeed. The UK Government’s Business Secretary said that if collaboration between Oxford University and AstraZeneca was successful, then the vaccines would be rolled out as quickly as possible, and also made available to developing nations “at the lowest possible cost”.
88. On 18 May the UK Government [announced](#) an additional £58m for the Scottish Government to respond to the Covid-19 pandemic, following a new Infection Control Fund in England to [reduce](#) the spread in care homes.
89. On 20 May the UK Government [published](#) draft legal texts for further Brexit negotiations and the UK’s future relationship with the EU.
90. On 21 May the UK Government announced that they will increase the size of loans available through the Covid-19 Large Business Interruption Loan Scheme from £50m to £200m. The loans, which will be available from 26 May, will help large companies who do not qualify for the Bank of England’s Covid Corporate Financing Facility with cash flow.
91. On 26 May the Prime Minister [confirmed](#) that many high street shops, department stores and shopping centres in England may re-open in June, as long as they are Covid-19 secure and can demonstrate that customers will be kept safe. The UK

Government has said it hopes to build on the responsible trading of pharmacies and supermarkets by allowing non-essential retail to re-open on Monday 15 June. Businesses must complete a risk assessment, in consultation with trade union representatives, and take action to remain in line with health and safety regulations.

92. On 28 May Liverpool's combined authority [warned](#) its funding gap could hit £250m as a result of the Covid-19 pandemic, and has written to the government calling for 'fairer funding'.
93. On 29 May it was [announced](#) that the COP26 UN climate conference will now take place between Sunday 1 and Thursday 12 November 2021 in Glasgow. The conference was due to take place in November this year but was postponed due to the Covid-19 crisis.
94. On 29 May the Speaker of the House of Commons Lindsay Hoyle [wrote](#) to MPs explaining his decision to accept the UK Government's request to recall Parliament. MPs will return to Westminster on Tuesday 2 June. In the letter, the Speaker stated that the purpose of the Government's proposed recall is to bring forward a motion to take a decision on future forms of hybrid proceedings as the temporary Standing Orders used previously have now lapsed. The Speaker explains that he has decided to grant the request as the established methods of division in the lobbies does not meet health advice. MPs will decide how future voting will take place. The Speaker calls for cross-party support for how the House conducts future proceedings.
95. On 29 May the Chancellor of the Exchequer [announced](#) that the Self-Employment Support Scheme would be extended to October with applications due to open in August. He said the final value of this payment would amount to 70% of a self-employed person's average monthly trading profits, to be capped at £6,570.
96. On 29 May the Chancellor of the Exchequer [announced](#) changes to the Covid-19 Job Retention Scheme. The scheme will:
 - Will continue as it has since March through June and July.
 - In August, the Government will continue to pay 80% of wages, with businesses paying National Insurance and pension contributions.
 - In September, employers will be asked to pay 10% of wages, with the Government paying 70%.
 - In October, employers will be asked to pay 20% of wages, with the Government paying 60%.
 - From Monday 1 July, a new flexible Job Retention Scheme will be introduced.
 - This would mean, for example, employees could work for two days and be paid by their employer as normal and then furloughed for the remaining three days and have their income covered by the scheme.
 - Employers will have to register their employees onto the new Job Retention Scheme by Wednesday 10 June.
 - The Job Retention Scheme will close after October.
97. On 29 May, the Welsh government [asked](#) the UK government to increase its borrowing limit to help fund the country's coronavirus response. Under current rules, the Welsh Government is able to borrow £150m a year for infrastructure, up to a limit of £1bn, and £200m a year for day-to-day spending. The request was made during the publication of the Welsh government's supplementary budget, which allocated an additional £2.4bn of spending – 10% more than was planned in the March budget.

98. On 1 June the Local Government Association (LGA) released [analysis](#) that suggested that councils may need an extra £6 billion to help deal with the impact of Covid-19. The LGA analysed returns councils submitted to the Ministry of Housing, Communities and Local Government on the financial impact of the pandemic. The LGA found that the two emergency tranches of £3.2bn allocated by the government covered costs and income losses so far, but around £2bn more is likely to be needed to cover further costs of responding to the pandemic. An additional £4bn may be needed to deal with the impact of lost income from sources such as council tax, business rates and sales, fees and charges.
99. On 1 June some pupils in England started to return to school. Children in Reception, Years 1 and 6 are able to return to school, with staggered drop-off times and groups of no more than 15 children.

Other UK Audit Bodies

National Audit Office

100. On 21 May the National Audit Office [published](#) a report which stated that the measures put in place by the UK Government to help reduce the impact of the Covid-19 pandemic have cost £124.3bn. This figure breaks down to £111.3bn for grants and other payments, an expected loan cost of £5bn and increases to benefits of £8bn. It does not include £4.4bn in loss of receipts to the Exchequer. The report warns the full cost of the Government's response will depend on the continuing health and economic impacts. The report is the first in a series of pieces of work to support Parliament's scrutiny of the Government response and does not assess the value for money or effectiveness of the spending commitments.

Conclusion

101. The Commission is invited to consider and note this report.

Paul Reilly
Secretary to the Accounts Commission
4 June 2020

APPENDIX: Accounts Commission reports in past 12 months - downloads

Report	Date	Report downlds	Podcast downlds
Best Value Assurance Report: Argyll and Bute Council	21 May 20	263	n/a
Affordable Housing	9 April 20	491 (+205)	n/a
The 2018/19 audit of Renfrewshire Council: Report on accounts closure	24 Mar 20	137 (+51)	n/a
Early learning and childcare: follow-up	3 Mar 20	1,044 (+143)	n/a
2018/19 audit of Fife IJB	27 Feb 20	194 (+45)	n/a
2018/19 audit of Glasgow City Council: Update on equal pay settlement	6 Feb 20	302 (+47)	n/a
Privately financed infrastructure investment	28 Jan 20	704 (+40)	80
Highland Council: best Value Assurance Report	23 Jan 20	1,242 (+106)	192
Scotland's City Region and Growth Deals	16 Jan 20	1,835 (+121)	95
Scotland's City Region and Growth Deals - Supplement	16 Jan 20	227 (+43)	n/a
Self-directed support: 2017 progress report - impact	17 Dec 19	454 (+63)	n/a
Local government in Scotland: Financial overview 2018/19	17 Dec 19	2,312 (+180)	177
Scottish Borders Council: Best Value Assurance Report	22 Oct 19	1,013 (*)	181
National Scrutiny Plan	30 Sept 19	740 (+79)	n/a
Perth and Kinross Council: Best Value Assurance Report	22 Aug 19	1,315 (*)	145
Principles of community empowerment	25 July 19	6,858 (+429)	n/a
Midlothian Council: Best Value Assurance Report	4 July 19	1,663 (*)	193
Clackmannanshire Council: Best Value Assurance Report progress report	27 June 19	1,086 (*)	203
Accounts Commission annual report 2018/19	31 May 19	592 (*)	n/a
Accounts Commission Engagement strategy and plan 2019-24	31 May 19	456 (*)	n/a

Report	Date	Report downlds	Podcast downlds
Accounts Commission Strategy and annual action plan 2019-24	31 May 19	520 (*)	n/a
Accounts Commission Engagement plan progress report 2018/19	31 May 19	258 (*)	n/a
North Lanarkshire Council: Best Value Assurance Report	23 May 19	1,520 (+104)	182

Key:

(x) Increase in numbers since last month

* This figure is below 30

n/a Not applicable.